

August 26, 2004

The Honorable Leland Y. Yee, Ph.D.
California State Assembly, State Capitol
P.O. Box 942849
Sacramento, CA 94249-0012

via facsimile

**RE: AB 2466 (Yee). Local sales and use tax: jet fuel: place of sale.
City Position: STRONGLY SUPPORT**

Dear Assembly Member Yee:

On behalf of the City of Santa Barbara, which operates the Santa Barbara Municipal Airport, I would like to register our **STRONG SUPPORT** for **AB 2466**.

Assembly Bill 2466 will close an unintended inequity and loophole created by AB 66 (Baca, Chapter 1027, Statutes of 1998), which allowed United Airlines and the City of Oakland to enter into an agreement where all statewide Bradley-Burns local sales and use taxes on jet fuel are unfairly paid entirely to the City of Oakland rather than to communities that are host to airports where jet fuel is delivered. As part of the agreement, United Airlines benefits from a rebate from the City of Oakland for a significant portion of these taxes, while Oakland receives the remainder of the tax revenues from United Airlines.

The loophole is based on language allowing a jet fuel dealer with one place of business in the state to pay local taxes only to the local jurisdiction where the single place of business is located. The proposed legislation removes this loophole and would require businesses with single locations to fairly distribute these tax payments to the local jurisdiction where the jet fuel is used.

Again, the City of Santa Barbara **STRONGLY SUPPORTS AB 2466**.

Sincerely,

Marty Blum
Mayor

cc: Mark Burgat, Legislative Advocate, City of Los Angeles, FAX (916) 448-7162
Assembly Member Hannah-Beth Jackson
Senator Tom McClintock
City Council Members
Jim Armstrong, City Administrator